



## COMMON PRE-BOARD EXAMINATION 2022-23

**Subject: (ECONOMICS-030)**

**Time Allowed: 3 Hours**

**Marks: 80**

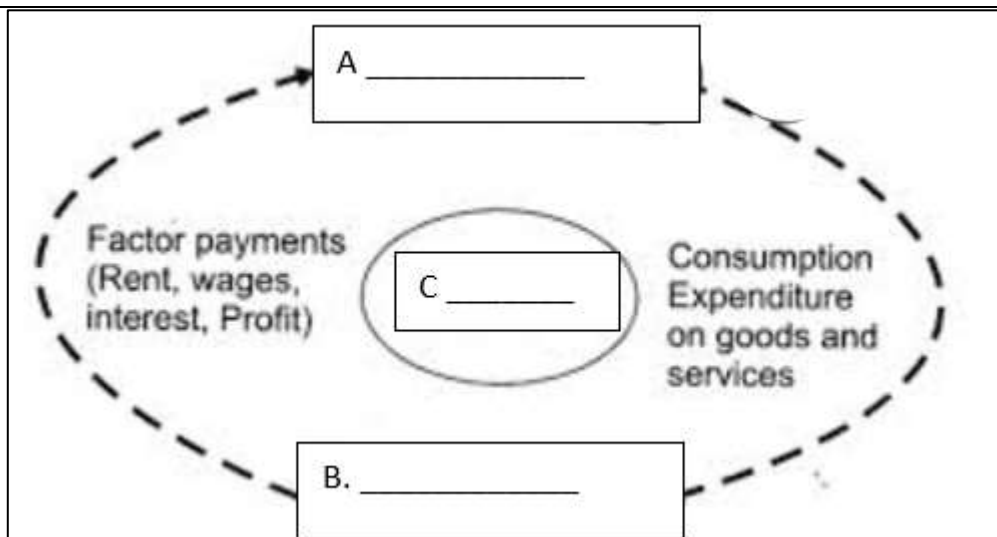


### *General Instructions:*

- This question paper contains two sections:  
Section A – Macro Economics  
Section B – Indian Economic Development*
- This paper contains 20 Multiple Choice Questions type questions of 1 mark each.*
- This paper contains 4 Short Answer Questions type questions of 3 marks each to be answered in 60 to 80 words.*
- This paper contains 6 Short Answer Questions type questions of 4 marks each to be answered in 80 to 100 words.*
- This paper contains 4 Long Answer Questions type questions of 6 marks each to be answered in 100 to 150 words.*

Q.No.	SECTION A: MACRO ECONOMICS	Marks
1	<p>Which of the following statements is true about the consumption function?</p> <p>a. The consumption function is a functional relationship between aggregate demand and aggregate supply.</p> <p>b. The consumption function is a functional relationship between consumption and national income.</p> <p>c. The consumption function is a functional relationship between national income and private income.</p> <p>d. The consumption function is a functional relationship between consumption and aggregate demand.</p>	1
2	<p>Many large MNCs (Multi-National Corporations) have recently shifted their investment from China and have started their production in India, thereby boosting the 'Make in India' programme.</p> <p>Identify the most likely impact on the foreign exchange rate with reference to the Indian economy.</p> <p>a. Investment by MNC s will ensure outflow of foreign exchange.</p> <p>b. Supply of foreign exchange (\$) will fall.</p> <p>c. INR will start appreciating with respect to the Indian economy.</p> <p>d. INR will start depreciating with respect to the Indian economy.</p>	1

3	<p>Primary deposits are _____.</p> <p>(Choose the correct alternative)</p> <ul style="list-style-type: none"> <li>a. Gold reserves with commercial banks</li> <li>b. Cash deposits with commercial banks</li> <li>c. Reserves of foreign exchange</li> <li>d. None of these</li> </ul>	1
4	<p>Statement 1: Autonomous items are the cause of BOP imbalance.</p> <p>Statement 2: Accommodating items do not involve the movement of goods across the borders</p> <p>In the light of the above given statements, choose the correct alternative from the following:</p> <ul style="list-style-type: none"> <li>a. Statement 1 is true and statement 2 is false</li> <li>b. Statement 1 is false and statement 2 is true</li> <li>c. Both statements 1 and 2 are true</li> <li>d. Both statements 1 and 2 are false</li> </ul>	1
5	<p>Statement 1: All producer goods are capital goods.</p> <p>Statement 2: Producer goods are those which are used in the production of other goods whereas capital goods are the fixed assets of the producers.</p> <p>In the light of the given statements, choose the correct alternative from the following:</p> <ul style="list-style-type: none"> <li>a. Statement 1 is true and statement 2 is false</li> <li>b. Statement 1 is false and statement 2 is true</li> <li>c. Both statements 1 and 2 are true</li> <li>d. Both statements 1 and 2 are false</li> </ul> <p style="text-align: center;">OR</p> <p>Read the following figure carefully and choose the correct pair from the alternatives given below:</p>	1



- a. A: Household B: Firms C: Money
- b. A: Firms B: Households C: Rest of the world
- c. A: Government B: Rest of the world C: Money
- d. A: Rest of the World B: Money C: Firm

6

Which of the following statements is an accurate description of propensity to consume?

- a. It is the additional income that gets spent on consumption
- b. It denotes the ratio of the consumption to income
- c. It defines the tendency of a consumer to consume more than usual
- d. It denotes the actual level of income at which is it equal to the consumption expenditure.

Choose the correct alternative.

OR

Suppose in a hypothetical economy, the income rises from ₹ 5,000 crores to ₹ 6,000 crores. As a result, the consumption expenditure rises from ₹ 4,000 crores to ₹ 4,600 crores. Marginal propensity to consume in such a case would be \_\_\_\_\_.

- a. 0.8
- b. 0.4
- c. 0.2
- d. 0.6

1

7

Under Statutory Liquidity Ratio, commercial banks are required to keep a fraction of \_\_\_\_\_ in the form of liquid assets.

- a. Total deposits
- b. Term deposits
- c. Total demand and term deposits
- d. Current deposits

1

8

1

Items	In Rs lakh
Export	200
Import	315
Non-factor services	25
Income	22
Transfers	18

On the basis of the above information answer the following question:  
The value of current account balance for the above data is \_\_\_\_\_.

*(Fill up with the correct alternative)*

- a. (-) Rs 50 lakh
- b. Rs 72 lakh
- c. (-) Rs 93 lakh
- d. Rs 115 lakh

OR

In a hypothetical economy, the following data is given:

Items	In Rs crores
Merchandise exports	100
Merchandise imports	90
Tourism	70
Net remittances from abroad	(-)20

The value of balance on current account would be Rs \_\_\_\_\_ crores.

9

1

Read the following statements -Assertion (A) and Reason (R).  
Choose one of the correct alternatives given below:

**Assertion (A):** Deflationary gap can be corrected by increasing the level of AD.

**Reason (R):** Inflationary gap can be corrected by increasing the availability of credit in the economy.

**Alternatives:**

- a. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
- b. Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A).
- c. Assertion (A) is true but Reason (R) is false.
- d. Assertion (A) is false but Reason (R) is true.

10

1

Read the following statements -Assertion (A) and Reason (R).  
Choose one of the correct alternatives given below:

**Assertion (A):** Equality between AS and AD does not imply the equality between Y and AD.  
**Reason (R):** Equilibrium GDP has nothing to do with actual savings and actual investment.

**Alternatives:**

- Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
- Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A).
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11

Calculate National Income from the following data:

3

Sl No	Items	In Rs Crores
i.	Mixed Income of the self employed	200
ii.	Old age pension	20
iii.	Dividends	100
iv.	Operating Surplus	900
v.	Wages and salaries	500
vi.	Profit	400
vii.	Employer's contribution to SSS	50
viii.	Net factor income from abroad	(-)10
ix.	Consumption of fixed capital	50
x.	Net Indirect Taxes	50

12

"Devaluation and depreciation of currency are one and the same thing'. Do you agree? How do they affect exports of a country?  
 OR

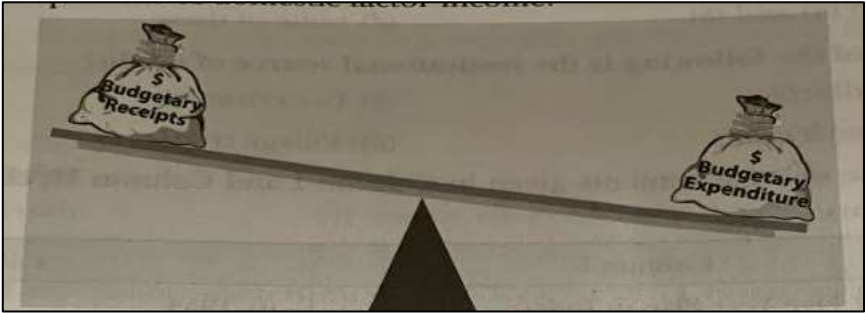
3

What is official reserve transaction? What is its importance in the balance of payments?

13

If in an economy, change in initial investment = Rs 1000 crores, MPS = 0.2, find the value of:  
 a. Investment multiplier

4

	b. Change in final income	
14	'Central bank issues money while commercial banks create money'. Comment on this statement. Also, discuss the impact of money creation by commercial banks on the national income of the country.	4
15	<p>Read the following passage and answer the questions that follow.</p> <p>The RBI has the sole right to issue bank notes in India. The bank notes are legal tenders guaranteed by the Central Government. The issue of bank note is conducted by a separate department called issue department. The central Government on the recommendation of the Central Board specifies denomination of bank notes including discontinuance of bank notes. The Central Government approves design, form and materials of bank notes on consideration of recommendations of the Central Board. The RBI is empowered to formulate banking policy in relation to advances and provide direction on the purpose of the advances, margins to be maintained in secured advances, the maximum amount of advance may be made, the rate of interest, terms and conditions for advances or guarantees may be given.</p> <p><i>Source: International Journal of Business Administration and Management 2017</i></p> <p>RBI acts as a banker's bank and performs a supervisory role. Comment.</p> <p style="text-align: center;">OR</p> <p>Differentiate between central bank and commercial bank.</p>	4
16	<p>a. In a locality, a new park is developed by the Municipal Corporation, it will have both positive and negative externalities. State one example each of both types of externalities with reason.</p> <p>b. State and discuss any three precautions to be considered while estimating national income through Income method.</p>	3+3
17	 <p>a. Analyze the above image given above and identify the type of budget highlighted in the image along with stating its merits and demerits.</p>	3+3

	<p>b. Explain any three objectives of the Govt budget.</p> <p>OR</p> <p>a. State three sources each of the revenue receipts and capital receipts in a Govt budget.</p> <p>b. How good is disinvestment as a means to tackle revenue deficit in India?</p>	
	<b>SECTION – B: INDIAN ECONOMIC DEVELOPMENT</b>	
18	<p>The motive of the British government behind de-industrialization was:</p> <p>i. to get raw materials from India at cheap rate.</p> <p>ii. to sell British manufactured goods in Indian market at high prices.</p> <p>iii. to focus on development of agriculture.</p> <p>iv. to get finished products from India at cheap rate.</p> <p>a. (i) and (ii)</p> <p>b. (ii) and (iv)</p> <p>c. Only (iii)</p> <p>d. Only (iv)</p>	1
19	<p>Which of the given statements explain the major hurdles faced by the land reform and the land ceiling legislation?</p> <p>i. Big landlords registered their land in the name of close relatives, thus escaping from the land ceiling legislation.</p> <p>ii. There have been cases in which tenants were evicted and landlords claimed to be the actual tillers.</p> <p>iii. Landlords used loopholes in the legislation to their comparative advantage to own large areas of land.</p> <p>a. Only (i), &amp; (iii)</p> <p>b. Only (ii), &amp; (iii)</p> <p>c. Only (i), &amp; (ii)</p> <p>d. All (i), (ii) &amp; (iii)</p> <p>OR</p> <p>What is the trade -strategy, which India adopted in the first-seven five-year plans?</p> <p>a. Partially inward-looking trade strategy</p> <p>b. Partially outward looking trade strategy</p> <p>c. Inward looking trade strategy</p> <p>d. Outward looking trade strategy</p>	1
20	<p>The “One Child Policy” was discontinued in early 2016 as -----</p> <p>(Fill in the blanks with correct alternative)</p> <p>a. It led to social discontentment due to son preference.</p>	1

	<p>b. It led to widening of gap between the number of males and females in the country.</p> <p>c. It led to rise in the proportion of elderly people in the country.</p> <p>d. All of these</p> <p style="text-align: center;">OR</p> <p>Which of the following countries has shown the brighter signs of urbanisation?</p> <p>a. India</p> <p>b. China</p> <p>c. Pakistan</p> <p>d. Both (b) and (c)</p>											
21	<p>Which of the following are institutional sources of rural credit?</p> <p>a. Regional rural banks</p> <p>b. Landlords</p> <p>c. Traders</p> <p>d. Moneylenders</p>	1										
22	<p>From the set of statements given in Column I and Column II, choose the correct pair of statements:</p> <table><tr><th>Column I</th><th>Column II</th></tr><tr><td>A. Reforms introduced in China</td><td>(i) 1976</td></tr><tr><td>B. First five-year plan in Pakistan</td><td>(ii) 1955</td></tr><tr><td>C. India</td><td>(iii) Has the most skewed sex ratio</td></tr><tr><td>D. Introduction of commune system in China</td><td>(iv) 1976</td></tr></table> <p>Alternatives:</p> <p>a. A - (i)</p> <p>b. B - (ii)</p> <p>c. C - (iii)</p> <p>d. D - (iv)</p>	Column I	Column II	A. Reforms introduced in China	(i) 1976	B. First five-year plan in Pakistan	(ii) 1955	C. India	(iii) Has the most skewed sex ratio	D. Introduction of commune system in China	(iv) 1976	1
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C. India	(iii) Has the most skewed sex ratio											
D. Introduction of commune system in China	(iv) 1976											
23	<p>Read the following statements carefully:</p> <p>Statement 1: India, Pakistan and China adopted planning as the core developmental strategy.</p> <p>Statement 2: All of three countries relied on the public sector as the core sector of the economy.</p> <p>In the light of the given statements, choose the correct alternatives:</p> <p>a. Statement 1 is true and statement 2 is false</p> <p>b. Statement 1 is false and statement 2 is true</p> <p>c. Both statements 1 and 2 are true</p> <p>d. Both statements 1 and 2 are false</p>	1										

24	<p>Read the following statements carefully:  Statement 1- Migration involves cost of transportation and high cost of living  Statement 2- Education is the process of teaching, training and learning to improve knowledge  In the light of the given statements, choose the correct alternatives:  a. Statement 1 is true and statement 2 is false  b. Statement 1 is false and statement 2 is true  c. Both statements 1 and 2 are true  d. Both statements 1 and 2 are false</p>	1
25	<p>"Land degradation in India happens at a very large scale" because of:  a. Inadequate soil conservation measures  b. Overgrazing  c. Both (a) and (b)  d. None of the above</p> <p style="text-align: center;">OR</p> <p>_____ implies that the waste generated is within the assimilation capacity of the environment. (Fill in the blank with correct alternative)  a. Inter relationship  b. Carrying capacity  c. Sustainable development  d. None of the above</p>	1
26	<p>Read the following statements – Assertion (A) and Reason (R).  Choose one of the correct alternatives given below:</p> <p><b>Assertion (A):</b> A huge percentage of female workforce is engaged in primary sector.  <b>Reason (R):</b> Mobility of women in rural areas is extremely low.</p> <p><b>Alternatives:</b>  <b>(a)</b> Both Assertion (A) and Reason (R) are true and Reason(R) is correct explanation of Assertion (A).  <b>(b)</b> Both Assertion (A) and Reason (R) are true and Reason (R) is not correct explanation of Assertion (A)  <b>(c)</b> Assertion(A) is true but Reason (R) is false.  <b>(d)</b> Assertion (A) is false but Reason (R) is true.</p>	1
27	<p>Read the following statements – Assertion (A) and Reason (R).  Choose one of the correct alternatives given below:</p> <p><b>Assertion (A):</b> GLF campaign initiated in China in 1958 was aimed at industrialising the country on a massive scale.</p>	1

**Reason (R):** Under the commune system, people collectively cultivated lands.

**Alternatives:**

- (a) Both Assertion (A) and Reason (R) are true and Reason(R) is correct explanation of Assertion (A).
- (b) Both Assertion (A) and Reason (R) are true and Reason (R) is not correct explanation of Assertion (A)
- (c) Assertion(A) is true but Reason (R) is false.
- (d) Assertion (A) is false but Reason (R) is true.

28



Interpret the given picture on account of current environmental challenges.

3

29

Defend or refute the given statement with valid explanations:  
"It is necessary to create employment in the formal sector rather than in the informal sector".

OR

Are the diversification of crop production and diversification of production activity identical concepts? Justify your answer with valid reasons.

3

30

Country	Estimated Population (in million)	Annual Growth of Population (in %)	Sex Ratio
India	1,311	1.2	929
China	1,371	0.5	941
Pakistan	188	2.1	947

**Source:** World Development Indicator 2015. [www.worldbank.org](http://www.worldbank.org)

Answer the following questions on the basis of the following data:

- a. Comment upon the population growth rates among the three countries.
- b. Which country has most skewed sex ratio?

4

31	<p>a. "India is often called as outsourcing destination of the world." Discuss the prime reasons for this name given to India.</p> <p>b. Do you think that "Navratna policy" of the government helps in improving the performance of public sector undertakings in India? Substantiate.</p> <p style="text-align: center;">OR</p> <p>While subsidies encourage farmers to use new technology, they are a huge burden on government finances. Discuss the usefulness of subsidies in the light of this fact.</p>	4
32	<p>State whether the following statements are true/false, with valid arguments:</p> <p>a. Human capital formation gives birth to innovation, invention and technological improvements.</p> <p>b. Education and literacy are identical terms.</p>	2+2
33	<p>a. Why is agricultural diversification essential for sustainable livelihoods?</p> <p>b. Why should organic farming be adopted?</p> <p>c. Write a short note on the role and performance of SHGs as a source of credit.</p> <p style="text-align: center;">OR</p> <p>a. How 'Brain-drain' can be a problem for human capital formation in India?</p> <p>b. Do you think that in the last 50 years, employment generated in the country is commensurate with the growth of GDP in India? How?</p>	<p>2+2+</p> <p>2</p>
34	<p>Read the following text and answer the given questions:</p> <p>Industrial policy resolution 1956 was the clear declaration of the government on the leading role of public sector in the process of industrialization. This resolution laid the roadmap of second five-year plan also. In IPR-1956, industries were classified into three categories. Public sector was given primary role in the industrial development of the country. Industries in the private sector could be established only through a license from the government. Main idea of industrial licensing was to encourage industries in the backward regions of the country. Private sector was offered many types of industrial concessions for establishing industries in backward regions like tax holidays and subsidized power supply. Karve committee (1955) also focused on the role of small-scale industries to achieve the goal of industrial development. As far as possible, domestic industries were protected from the foreign competition. Protection was provided through: heavy imports tariffs and by fixing import quotas.</p> <p>a. How domestic industries were protected from foreign competition?</p> <p>b. Why and how was private sector regulated under the IPR-1956?</p>	3+3